APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/773,653	02/06/2004	Anil Kamath	111210-134991	7631

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EXAMINER
MANSFIELD, THOMAS L

ART UNIT	PAPER NUMBER
3624	

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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

	Application No.	Applicant(s)
	10/773,653	KAMATH, ANIL
Office Action Summary	Examiner	Art Unit	
	THOMAS MANSFIELD	3624	

-- *The MAILING DATE of this communication appears on the cover sheet with the correspondence address* --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE <u>3</u> MONTH(S) OR THIRTY (30) DAYS,
WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.
- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed
  after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
  Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any
  earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on <u>06 February 2004</u>.

2a)☐ This action is **FINAL**.   2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is
   closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) <u>1-20</u> is/are pending in the application.

   4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) <u>1-20</u> is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

   Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

   Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

   a)☐ All b)☐ Some * c)☐ None of:

   1.☐ Certified copies of the priority documents have been received.

   2.☐ Certified copies of the priority documents have been received in Application No. _____.

   3.☐ Copies of the certified copies of the priority documents have been received in this National Stage
      application from the International Bureau (PCT Rule 17.2(a)).

   * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1)☒ Notice of References Cited (PTO-892)

2)☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)

3)☒ Information Disclosure Statement(s) (PTO/SB/08)
   Paper No(s)/Mail Date <u>5 May 2004, 20 October 2006</u>.

4)☐ Interview Summary (PTO-413)
   Paper No(s)/Mail Date. _____

5)☐ Notice of Informal Patent Application

6)☐ Other: _____.

<div align="center">DETAILED ACTION</div>

<div align="center">**Status of Claims**</div>

1. This First Office action is in reply to the application filed on 6 February 2004.

2. Claims 1-25 are currently pending and have been examined.

<div align="center">*Claim Objections*</div>

3. Claim 20 is objected to because of the following informalities: Claim 20 recites "*at least one processor coupled to the apparatus to*". This limitation is open-ended in that the conclusion to the limitation is missing. Appropriate correction is required.

<div align="center">*Claim Rejections - 35 USC § 101*</div>

4. 35 U.S.C. 101 reads as follows:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

5. Claims 1-13 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

6. Claims 1-13 are rejected under 35 U.S.C. 101 based on Supreme Court precedent, and recent Federal Circuit decisions, the Office's guidance to examiners is that a § 101 process must (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. Diamond v. Diehr, 450 U.S. 175, 184 (1981); Parker v. Flook, 437 U.S. 584, 588 n.9 (1978); Gottschalk v. Benson, 409 U.S. 63, 70 (1972); Cochrane v. Deener, 94 U.S. 780,787-88 (1876).

An example of a method claim that would not qualify as a statutory process would be a claim that recited purely mental steps. Thus, to qualify as a § 101 statutory process, the claim should positively recite the other statutory class (the thing or product) to which it is tied, for example by identifying the apparatus that accomplishes the method steps, or positively recite the subject matter that is being transformed, for example by identifying the material that is being changed to a different state. Here, applicant's method steps, fail the first prong of the new Federal Circuit decision since they are not tied to another statutory class and can be preformed without the use of a particular apparatus. Thus, claims 1-13 are non-statutory since they may be performed within the human mind.

Claim Rejections - 35 USC § 103

7.   The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

8.   Claims 1-25 are rejected under 35 U.S.C. 103(a) as being unpatentable over Davis et al. (Davis) (U.S. 7,363,300) in view of Kim (U.S. Pub. No. 2008/0097830).

With regard to Claims 1, 14, and 20, Davis teaches *a method, computer readable medium, and apparatus* (Methods and systems for generating a pay-for-performance search result) (see at least column 7, lines 4-7 and column 8, lines 35-41*) comprising:*

- *facilitating specification of a model* (predictor model) *that forecasts revenues* (cost projection algorithm) *for a plurality of marketing options* (advertiser's search listing) *based at least in part on a plurality of positions* (selected rank) *occupied by the marketing options* (search listing) *in a selected one of on-line query answer sets and contextual advertisements* (selected search term, banner advertising) (see at least column 3, lines 20-45 and column 21, lines 31-58).

- *determining a bidding strategy for the positions for the plurality of marketing options* (advantageous placement on the search results list page) (see at least column 9, lines 24-60, column 13, lines 7-28 and column 14, lines 1-49).

Although Davis teaches <u>a model</u> *that forecasts revenues*, Davis does not specifically teach *a <u>plurality of models</u> that forecast revenues.* Kim teaches *a plurality of models that forecast revenues* (Revenue model, performance-based pricing model) in analogous art of internet advertising for the purposes of, "to encourage many Web sites to become Affiliates", and, "Web publishers no longer face the "free" exposure problem" (see at least paragraphs 0097-0099).

It would have been obvious to one of ordinary skill in the art at the time of the invention to combine the internet advertising method as taught by Kim with the pay-for-performance search result method of Davis. One of ordinary skill in the art would have been motivated to do so for the benefit of decreasing initial free exposure from advertisers and only being charged for actual viewed advertisements that are presented from paid associates of the advertisers (Kim, paragraphs 0097-0099).

With regard to Claim 2, Davis does not specifically teach *wherein the method further comprises creating the plurality of models*. Kim teaches *wherein the method further comprises creating the plurality of models* (Revenue model, performance-based pricing model) in analogous art of internet advertising for the purposes of, "to encourage many Web sites to become Affiliates", and, "Web publishers no longer face the "free" exposure problem" (see at least paragraphs 0097-0099).

It would have been obvious to one of ordinary skill in the art at the time of the invention to combine the internet advertising method as taught by Kim with the pay-for-performance search result method of Davis. One of ordinary skill in the art would have been motivated to do so for the benefit of decreasing initial free exposure from advertisers and only being charged for actual viewed advertisements that are presented from paid associates of the advertisers (Kim, paragraphs 0097-0099).

With regard to Claims 3, 15, and 21, Davis teaches wherein the models comprise click models (predictor model) for the marketing options that forecast number of clicks for the marketing options for the various positions (considered to be function of the rank of the search listing) (see at least column 21, lines 31-58).

With regard to Claims 4, 16, and 22, Davis does not specifically teach *wherein the models comprise revenue models for the marketing options that forecast revenues for the marketing options based on click conversions*. Kim teaches *wherein the models comprise revenue models* (revenue model) *for the marketing options* (targeted advertisement) *that forecast revenues for the marketing options based on click conversions* (click-throughs) in analogous art of internet advertising for the purposes of, "When the qualified lead surfs to another Affiliate Web site, a targeted advertisement based on their previous online query responses will be delivered to that user" (see at least paragraphs 0098-0099).

It would have been obvious to one of ordinary skill in the art at the time of the invention to combine the internet advertising method as taught by Kim with the pay-for-performance search result method of Davis. One of ordinary skill in the art would have been motivated to do so for the benefit of decreasing initial free exposure from advertisers and only being charged for actual viewed advertisements that are presented from paid associates of the advertisers (Kim, paragraphs 0097-0099).

With regard to Claims 5, 17, and 23, Davis teaches *wherein the on-line query sets comprises on-line query answer sets of different search engines* (INKTOMI, LYCOS, YAHOO!) (see at least column 10, lines 27-40).

With regard to Claims 6, 18, and 24, Davis teaches *wherein said determining comprises solving an objective function* (The rank value determines the position where the promoter's web site description will appear) (see at least column 6, lines 1-19 and column 13, lines 7-28).

With regard to Claim 7, Davis teaches *wherein said solving comprises solving an object function selected from a group of objective functions including a first objective function* ("meta tags") *to maximize number of clicks for the marketing options* (may attract additional consumer attention), *and a second objective function to minimize average cost per click* (at little or no marginal cost) for the marketing options (see at least column 2, line 46 through column 3, line 4).

With regard to Claim 8, Davis teaches *wherein the group of objective functions further include* ***at least one of:***

- *a third objective function to minimize the average cost per customer for the products or services of the marketing options, a fourth objective function to maximize revenue for the products or services of the marketing options, a fifth objective function to maximize profit for the products or services of the marketing options* (provide a cost-effective method, is charged in direct proportion to the number of actual visits generated by the search engine, "Project Expenses" selection) (see at least column 4, lines 33-36 and column 21, lines 3-58).

- *a sixth objective function to minimize marketing expenses for the marketing options* (determine a daily expense projection) (see at least column 21, lines 31-58).

- *a seventh objective function to maximize a number of increases in customer sign-ups or registrations for products or services of the marketing options* ("Pay-for-performance") (see at least column 5, lines 4-20).

With regard to Claim 9, Davis teaches *wherein said solving comprises solving the objective function subject to one or more constraints* (bid amount, ordinal values) (see at least column 13, lines 7-28).

With regard to Claim 10, Davis teaches *wherein the one or more constraints include a constraint* (money amount) *requiring a traffic level for a URL for a period of time* (see at least column 13, lines 7-13).

With regard to Claim 11, Davis teaches *wherein the one or more constraints include a constraint requiring a marketing option to be at a selected one of a particular on-line query answer set position* (advertiser's search listing), *and a particular contextual advertisement position* (placement location) (see at least column 13, lines 7-28).

With regard to Claim 12, Davis teaches *wherein the one or more constraints include at least one of a constraint* (certain key events) *requiring a cost limit for average cost per customer* (account balance), *a constraint requiring a cost limit for the marketing options* (fallen below a specified level), *and a constraint requiring a limit on an amount of revenue generated by products or services of the marketing options* ("Add Money to Account") (see at least column 13, lines 7-28 and column 14, lines 1-49).

With regard to Claims 13, 19, and 25, Davis teaches wherein the method further comprises bidding for the positions for the plurality of marketing options based at least in part on the determined bidding strategy (highest bid amount, has been outbid by another advertiser, notification routine) (see at least column 13, lines 7-28 and column 14, lines 1-49).

Conclusion

9. The following prior art made of record and not relied upon is considered pertinent to applicant's disclosure:

- Meisel et al. (U.S. 7,035,812) discloses a system and method for enabling multi-element bidding for influencing a position on a search result utilizing a click-through method.

- Phillips et al. (U.S. 6,792,399) discloses combination forecasting using clusterization.

- Ward et al., "Internet Shopping, Consumer Search and Product Branding", Department of Agricultural and Consumer Economics, University of Illinois, Urbana-Champaign, July 1999, discloses whether consumers use brands as sources of information when shopping on the Internet.

- Lee et al., "Analysis and Visualization of Metrics for Online Merchandising", WEBKDD '99, LNAI 1836, pp. 126-141, 2000, discloses Web usage analysis for E-commerce merchandising including clickthrough rate, use of banner ads and email campaigns.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to THOMAS MANSFIELD whose telephone number is (571)270-1904. The examiner can normally be reached on Monday-Thursday 8:30 am-6 pm, alt. Fridays.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Bradley Bayat can be reached on 571-272-6704. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/T. M./
Examiner, Art Unit 3624

22 October 2008
Thomas Mansfield

/Bradley B Bayat/

Supervisory Patent Examiner, Art Unit 3624